

## DEED OF TRUST AND SECURITY AGREEMENT

THE STATE OF TEXAS §  
 COUNTY OF SAN PATRICIO §

KNOW ALL MEN BY THESE PRESENTS

THAT Falcon Refining Company, a Louisiana corporation, acting herein by and through its hereunto duly authorized officers (hereinafter referred to as "Grantor"), in consideration of the sum of Ten (\$10.00) Dollars to Grantor in hand paid, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of the uses, purposes and trusts herein set forth and declared, has Granted, Bargained and Sold, and by these presents does Grant, Bargain, Sell, Alienate, Convey and Confirm unto Richard F. Bergner, Trustee (hereinafter referred to as "Trustee"), all of the property described in Paragraphs A, B, C, D and E immediately following, to-wit:

A. All of the following described real estate, together with all buildings and improvements now or hereafter situated thereon, located in San Patricio County, Texas, and more particularly described in Exhibit A, attached hereto and by reference incorporated herein (such real estate, buildings and improvements collectively hereinafter sometimes called the "Land");

B. All fixtures, equipment, apparatus, spare parts, inventory, tools and personal property (i) described in Exhibit "B," attached hereto and by reference incorporated herein, and (ii) in which Grantor now has, or at any time hereafter acquires, an interest, and which are now, or at any time hereafter, situated in, on or about the Land and/or the easements, leases, rights-of-way, and permits described in Paragraph C below, including, but not limited to, in both (i) and (ii) immediately above, all pipes, pipelines, storage tanks, water towers, valve stations, heating, lighting, gas, refrigeration, cooling, plumbing, ventilating, incinerating, water-heating, cooking, radio communication, and air-conditioning equipment, pollution control, and all furniture, engines, machinery, elevators, pumps, motors, compressors, boilers, condensing units, doors, windows, window screens, disposals, tables, chairs, drapes, rods, lamps, bookcases, cabinets, sprinklers, hose, tools, lawn equipment, sofas, radios, speakers, electrical wiring, pipe and floor coverings, and all renewals, replacements and substitutions thereof, and additions thereto (all property described or referred to in this Paragraph B being collectively hereinafter sometimes called "Personal Property"). Portions of the Personal Property are, or are to become, fixtures on the Land, and/or the easements, leases, rights-of-way, and permits described in Paragraph C below;

C. All easements, leases, rights-of-way, and permits described in Exhibit "C," attached hereto and by reference incorporated herein (all property or interests in property described or referred to in this Paragraph C being collectively hereinafter sometimes called the "Leases And Easements");

D. All operating permits described in Exhibit "D," attached hereto and by reference incorporated herein (said operating permits being collectively hereinafter sometimes called the "Operating Permits"); and

E. All other interests of every kind and character which Grantor now has, or at any time hereafter acquires, in and to the property described or referred to in Paragraphs A, B, C and D preceding and all property which is used or useful in connection with the Land, the Personal Property, the Leases And Easements and the Operating Permits.

All property and interests described or referred to in Paragraphs A, B, C, D and E preceding are sometimes collectively hereinafter referred to as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular the rights, hereditaments and appurtenances in any wise appertaining or belonging thereto, unto Trustee, and his successors or substitutes in this trust, and his and their assigns, IN TRUST and for the uses and purposes hereinafter set forth, forever. Grantor,

for Grantor and Grantor's successors, hereby agrees to warrant and forever defend, all and singular, the Mortgaged Property unto Trustee, and his successors or substitutes in this trust, and to his and their assigns, forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof. As used herein, the term "Grantor's successors" means each and all of the successors, assigns, executors, heirs, administrators and legal representatives of Grantor, both immediate and remote, as the case may be.

Grantor, as Debtor, hereby grants to the Mortgagee hereinafter named, and to the successors and assigns, of Mortgagee, as Secured Party, a security interest in all of the Mortgaged Property which constitute personal property, and each and every part thereof, and in all proceeds from the sale, lease or other disposition thereof and in all sums, proceeds, funds and reserves described or referred to in Sections 4.7, 4.8 and 4.9 hereof; provided, that the grant of a security interest in proceeds shall not be deemed to authorize any action otherwise prohibited herein.

#### ARTICLE I

Section 1.1. This Deed of Trust (as used herein, the expression "this Deed of Trust" shall mean this Deed of Trust and Security Agreement), and all rights, titles, interests, liens, security interests, powers and privileges created hereby or arising by virtue hereof, are given to secure payment and performance of the following indebtedness, obligations and liabilities: (a) the indebtedness evidenced by two (2) certain promissory notes (the "Notes"), of even date herewith, executed by Grantor, payable to the order of American Energy Leasing, Inc., a Delaware corporation (herein referred to as "Mortgagee"), being in the original principal amount of Three Hundred Seventy-Six Thousand Nine Hundred Ninety-Five And No/100 Dollars (\$376,995.00) and Two Million Two Hundred Thousand And No/100 Dollars (\$2,200,000.00), respectively, bearing interest at a variable rate as described therein, containing attorney's fee clauses, interest and principal being payable as therein specified, and being upon the other terms and conditions therein stipulated, to which Notes reference is here made for all pertinent purposes, and any other documents, guarantees or agreements executed in connection therewith and/or in any way in connection with the underlying transaction for which, in part, the Notes were executed and delivered; (b) all indebtedness, obligations and liabilities arising pursuant to the provisions of this Deed of Trust; and (c) any and all renewals, amendments, modifications or extensions of all or any part of the indebtedness, obligations and liabilities described or referred to in Subsections 1.1(a), and 1.1(b), preceding. The word "Obligation" or "Obligations" as used herein, shall mean all of the indebtedness, obligations and liabilities described or referred to in Subsections 1.1(a), 1.1(b) and 1.1(c) preceding. The word "Holder," as used herein, shall mean the holder or holders of the Obligations at the time in question.

#### ARTICLE II

Section 2.1. Grantor represents and warrants that: (a) Grantor has authority to execute and deliver this Deed of Trust; (b) the Personal Property is and will be used as equipment in Grantor's business and not as inventory, or as goods leased as equipment in Grantor's business and not as inventory, or as goods leased or held for lease by Grantor but not held for sale; (c) the statements contained in this Deed of Trust concerning Grantor's mailing address are true and correct; (d) with respect to each Grantor who is an individual, no part of the Mortgaged Property constitutes a part of his business or residential homestead; and (e) Grantor is lawfully seized of the Mortgaged Property and has good and marketable title thereto.

Section 2.2. Grantor, for Grantor and Grantor's successors, covenants and agrees at its sole cost and expense to: (a) pay or cause to be paid, before delinquent, all lawful taxes and assessments of every character in respect of the Mortgaged Property, or any part thereof, and from time to time, upon request of Holder, to furnish to Holder evidence satisfactory to Holder of the timely payment of such taxes and assessments (provided, however, that Grantor shall have the right to contest the imposition of any such taxes and assessments by providing Mortgagee with reasonable security that any liens arising from failure to pay same shall not impair the lien or priority of this Deed of Trust). Notwithstanding anything in this Subsection 2.2(a) to the contrary, Grantor shall pay or cause to be paid all taxes and assessments (including interest and penalties) in respect of the Mortgaged Property for the calendar year 1984, or enter into a written agreement ("Tax Agreement") with the appropriate taxing authorities for the payment of said taxes and assessments for the calendar year 1984 on an extended-time installment basis, by no

later than January 1, 1986; and if such Tax Agreement is entered into, then Grantor shall (i) forthwith deliver to Holder a true and correct copy thereof, and (ii) comply on a timely basis with the terms and provisions of said Tax Agreement; (b) carry insurance (both casualty and general public liability insurance) with respect to the Mortgaged Property with such insurers in such amounts and deductibles and covering such risks as shall be satisfactory to Holder, including, but not limited to insurance against loss or damage by fire, lightning, hail, windstorm, explosion, hazards, casualties, vandalism, mischief, damage by earthquake, flood and slides and other contingencies of extended coverage; provided that in the absence of written direction from Holder, the insurance shall not be less than the full insurable replacement value of the Mortgaged Property; (c) if, and to the extent that, the Mortgaged Property or any part thereof is located within an area that has been, or should such area at any time be, designated or identified as an area having special flood hazards by the Secretary of Housing and Urban Development or by such other official as shall from time to time be authorized by federal or state law to make such designation pursuant to the national Flood Insurance Act of 1968, as such act may from time to time be amended and in effect, or pursuant to any other national or state program of flood insurance, to carry flood insurance with respect to the Mortgaged Property in amounts not less than the maximum limit of insurance coverage then available with respect to the Mortgaged Property pursuant to any and all national and state flood insurance programs then in effect or the amount of the Obligation, whichever is less; (d) cause all insurance so carried to contain a standard mortgage clause and to be payable to Holder as its interest may appear, to deliver the policies of insurance to Holder, and, in case of all policies of insurance carried for the benefit of Grantor by any lessee, sublessee, subtenant or other party having rights to occupy or use the Mortgaged Property or any part thereof or interest therein under any lease, sublease or other agreement (whether oral, written or otherwise evidenced), to cause all such policies to be payable to Holder as its interest may appear; (e) pay, or cause to be paid, all premiums for such insurance at least thirty (30) days before such premiums become due, to furnish to Holder satisfactory proof of the timely making of such payments and to deliver all renewal policies to Holder at least thirty (30) days before the expiration date of each expiring policy; (f) not to permit the Mortgaged Property to be vacant or to do or permit others to perform any act that would create or result in an increased hazard or risk or loss to the Mortgaged Property, or any part thereof, unless and until notice of such vacancy or such increased risk or hazard shall have been given to the Holder and to the insurers and evidence of satisfactory insurance coverage regarding such risk shall have been delivered to Holder; (g) comply with valid governmental laws, ordinances and regulations (including, but not limited to, the Operating Permits, and any renewals, modifications or extensions thereof) applicable to the Mortgaged Property and its ownership, use and operations, and to comply with all, and not violate any, easements, restrictions, agreements, covenants and conditions with respect to or affecting the Mortgaged Property, or any part thereof; (h) at all times maintain, preserve and keep the Mortgaged Property and all appurtenances thereto in good repair and condition, and from time to time make all necessary and proper repairs, replacements and renewals, and not to commit or permit any waste on or of the Mortgaged Property, and not to do anything to the Mortgaged Property that may impair its value; (i) promptly pay all bills for labor and materials incurred in connection with the Mortgaged Property and never to permit to be fixed against the Mortgaged Property, or any part thereof, any lien or security interest, even though inferior to the liens and security interests hereof, for any such bill which may be legally due and payable, and never to permit to be created or exist in respect of the Mortgaged Property, or any part thereof, any other or additional lien or security interest, whether inferior to or on a parity with or superior to the liens and security interests hereof (provided, however, that Grantor may contest the imposition of any liens so long as Grantor can furnish Mortgagee with bonds or other security reasonably deemed sufficient by Mortgagee so as to not impair the lien of this Deed of Trust or unreasonably affect Grantor's title to the Mortgaged Property); (j) at any time and from time to time, upon request by Holder, forthwith, execute and deliver to Holder any and all additional instruments and further assurances, and do all other acts and things, as may be necessary or proper in Holder's opinion, to effect the intent of these presents, more fully evidence and perfect the rights, titles, liens and security interests herein created or intended to be created and protect the rights, remedies, powers and privileges of Holder hereunder; (k) from time to time, upon request of Holder, deliver to Holder such financial statements and reports relating to Grantor and Grantor's business affairs relating to the maker of the Notes and such maker's business affairs, as Holder may request; (l) if Grantor is a corporation, or if a corporation is a partner or general partner of Grantor, continuously maintain each corporation's corporate existence and its right to do business in Texas and in each state where any part of the Mortgaged Property is situated; (m) not, without the prior written consent of

Holder (subject however to the terms of Section 4.17 hereof), sell, trade, transfer, assign, exchange or otherwise dispose of the Mortgaged Property, any part thereof or interest therein, except items of the Personal Property which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value equal to or greater than the replaced items when new ("sell, trade, transfer, assign, exchange or otherwise dispose of" shall include, without limitation, any change in the form Grantor, if not an individual, conducts or transacts business or any change in the ownership or of control of Grantor or a holder of an interest in Grantor, whether a voting or ownership interest or otherwise; (n) pay and perform, or cause the maker of the Notes to pay and perform, all of the Obligations in accordance with the terms thereof or hereof, or when the maturity thereof may be accelerated, in accordance with the terms thereof or hereof; (o) promptly deliver to Holder the terms of any sale of the Mortgaged Property, or any part thereof, and pay to Holder a reasonable fee each time title to the Land or any part thereof is transferred, to reimburse Holder and anyone acting on behalf of Holder for time spent and expenses incurred as a result of each such transfer, provided, however, that neither this Subsection (o) nor Sections 4.5, 4.9, 4.11 and 4.13 hereof shall be construed to impliedly or expressly authorize any action by Grantor contrary to Subsection 2.2(m) preceding or Subsection 4.17 hereafter; (p) upon request of Holder, deliver to Holder within thirty (30) days after the end of each calendar quarter, half-year and year, then current annual statements itemizing the income and expense of the Mortgaged Property, all in such detail as shall be satisfactory to Holder; (q) at any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, title, liens or security interests created hereby, or upon the Obligations, or any part thereof, immediately pay all such taxes; provided that, in the alternate, Grantor may, in the event of the enactment of such law, and must, if it is unlawful for Grantor to pay such taxes, prepay, or cause the maker of the Note to prepay, the Obligations in full within sixty (60) days after demand therefor by Holder; (r) at any time and from time to time, furnish promptly, or cause the maker of the Note to furnish promptly, upon request, a written statement or affidavit, in such form as shall be satisfactory to Holder, stating the unpaid balance of the Obligations and that there are no offsets or defenses against full payment of the Obligations and the terms hereof, or, if there are any such offsets and defenses, specifying them; (s) punctually and properly perform, or cause the maker of the Notes to perform, all of Grantor's or such maker's covenants, duties and liabilities under any other security agreement, mortgage, deed of trust, guaranty, collateral pledge agreement, contract of assignment of any kind now or hereafter existing as security for or in connection with payment of the Obligations, or any part thereof (each such being herein called "Other Security Instruments"); (t) allow Holder to inspect the Mortgaged Property and all records relating thereto or to the Obligations, and to make and take away copies of such records; (u) not to cause or permit the Personal Property, or any part thereof, to be removed from the County and State where the Land is located, except items of the Personal Property which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value equal to or greater than the replaced items when new; (v) to operate the Mortgaged Property in a commercially reasonable manner, except as otherwise provided herein, and because the current management expertise of the Grantor is a material inducement to the extension of credit by Mortgagee to Grantor, not to change current management of the Mortgaged Property; (w) not to enter into any leases (other than leases in the ordinary course of business), service agreements, management agreements and other agreements with respect to operation of the Mortgaged Property without the prior written approval of Mortgagee (which approval shall not be unreasonably withheld or delayed as long as such agreements are necessary and desirable for the operation of the Mortgaged Property, the terms of each such agreement are reasonable and the contracting parties are not related or in any manner affiliated with Grantor, whether directly or indirectly; (x) supply appraisals of the Mortgaged Property in the event applicable state or federal government regulatory authorities require appraisals with respect to the Mortgaged Property and to undertake all things necessary to conform the extension of credit evidenced by the Notes to any lending requirements imposed by such regulatory authorities; (y) refine or process only crude oil or other feedstocks compatible with the metallurgy of the Mortgaged Property; (z) submit to Holder, no later than the fifteenth (15th) day of each month, in such detail as shall be satisfactory to Holder, statements, certified by an officer of Grantor to be true and correct, reflective of the name, number of barrels and specifications of the crude oil and/or other feedstocks refined, processed and/or stored through or on the Mortgaged Property for the preceding calendar month; (aa) pay or cause to be paid when due all rentals due under that certain lease agreement, dated March 26, 1979, but effective as of August 15, 1978, between Coast Materials, inc. and Uni Pipeline Company, which lease agreement was assigned to Grantor by Assignment Of lease, of even date herewith, and

which lease agreement is part of the Mortgaged Property; (bb) allow Holder or a representative thereof to take samples of the contents of any storage tanks located on the Land, or any storage tanks leased by Grantor or on Grantor's behalf and in which there is stored crude oil or other feedstocks to be refined or processed through the Mortgaged Property; and (cc) notify promptly Holder in writing of the commencement of any legal or other proceedings affecting the Mortgaged Property and, at its expense, Grantor shall take such action as may be necessary to protect Holder's rights affected thereby.

### ARTICLE III

Section 3.1. The term "Default," as used herein, shall mean the occurrence of any one or more of the following events: (a) the failure of Grantor, or the maker of the Notes, to pay the indebtedness evidenced by the Notes, or any part thereof, as it becomes due in accordance with the terms of the Notes or other instruments which evidence it, or when accelerated pursuant to any power to accelerate, or to pay the Obligations, or any part thereof, as it becomes due in accordance with the terms hereof, or when accelerated pursuant to any power to accelerate; or (b) the failure of Grantor or any maker, co-maker or guarantor of any covenant, agreement or condition contained in this Deed of Trust or any Other Security Instrument, punctually and properly to perform and/or observe any covenant, agreement or condition contained herein or in the Notes, or any renewal or extension thereof, or in any Other Security Instrument (provided, however, that Mortgagee agrees to give Grantor ten (10) days written notice and an opportunity to cure during such period with respect to any defaults not involving the payment of money); or (c) the execution by Grantor or any maker, co-maker or guarantor of the Obligations of an assignment for the benefit of creditors; or (d) the levy against the Mortgaged Property, or any part thereof, of an execution, attachment, sequestration or other writ; or (e) the appointment of a receiver of Grantor or any maker, co-maker or guarantor of the Obligations or of the Mortgaged Property, or any part thereof; or (f) the adjudication of Grantor or any maker, co-maker or guarantor of the Obligations as insolvent or a bankrupt; or (g) the filing by Grantor or any maker, co-maker or guarantor of the Obligations either of a petition or answer for an adjudication as insolvent or a bankrupt or seeking any other relief under any bankruptcy, reorganization, debtor's relief or insolvency law now or hereafter existing; or (h) the receipt by Holder of information establishing that any representation or warranty made by Grantor herein, or in any other document delivered by Grantor or any maker, co-maker or guarantor of the Obligations to Holder in connection herewith is false, misleading, erroneous or breached.

Section 3.2. If Grantor should fail to keep or perform any covenant whatsoever contained in this Deed of Trust, Holder may, but shall not be obligated to any person to do so, perform or attempt to perform said covenant, and any payments made or expense incurred in the performance or attempted performance of any such covenant shall be part of the Obligations, and Grantor promises upon demand, to pay to Holder, at the place where the Notes are payable, or at such other place as Holder may direct by written notice, all sums so advanced or paid by Holder, with interest at the highest rate per annum permitted by law from the date when paid or incurred by Holder until repaid by Grantor. No such payment by Holder shall constitute a waiver of any Default. In addition to the liens and security interests securing the payment of any debt, claim, tax or assessment for the payment of which Holder may make an advance, or which Holder may pay.

Section 3.3. Upon a Default, Holder may, at its option, do any one or more of the following:

- (a) Holder may, without notice, notice of intent to accelerate, notice of acceleration, demand or presentment, which are hereby waived by Grantor and all other parties obligated in any manner whatsoever on the Obligations, declare the entire unpaid balance of the Obligations immediately due and payable, and upon such declaration the entire unpaid balance of the Obligations shall be immediately due and payable.
- (b) Holder may request Trustee to proceed with foreclosure, and in such event Trustee is hereby authorized and empowered, and it shall be his special duty, upon such request of Holder, to sell the Mortgaged Property, as a whole or in lots or parcels as Trustee may deem appropriate. Any sale of any part of the Mortgaged Property located in the State of Texas shall be made in the county in which such Mortgaged Property is situated. Where any part of the

Mortgaged Property located in the State of Texas is situated in more than one county, then notice as herein provided shall be given in both or all of such counties, and such notice shall designate the county where the Mortgaged Property will be sold. Notice of such proposed sale shall be given in the manner and to such persons as provided by law. The Affidavit of any person or persons having knowledge of the facts to the effect that such service was completed as provided by law shall be prima facie evidence of the fact of service. Such sale shall be made at public auction between the hours of 10:00 A.M. and 4:00 P.M. on the first Tuesday in any month to the highest bidder for cash. After such sale, Trustee shall make to the purchaser or purchasers thereunder good and sufficient deeds and assignments, in the name of Grantor, conveying the Mortgaged Property, or part thereof, so sold to the purchaser or purchasers with general warranty of title by Grantor. Sale of a part of the Mortgaged Property shall not exhaust the Power of Sale, but sales may be made from time to time until the Obligations are paid and performed in full. It shall not be necessary to have present or to exhibit at any such sale any of the Personal Property. In addition to the rights and powers of sale granted under the preceding provisions of this Subsection, if default is made in the payment of any installment of Obligations, Holder, at its option, at once or at any time thereafter while any matured installment remains unpaid, without declaring the entire Obligations to be due and payable, may orally or in writing direct Trustee to enforce this Deed of Trust and to sell the Mortgaged Property subject to such unmatured indebtedness and the liens and security interests securing its payment, in the same manner, on the same terms, at the same place and time and after having given notice in the same manner, all as provided in the preceding provisions of this Subsection. After such sale, Trustee shall make due conveyance to the purchaser or purchasers. Sales made without maturing the Obligations may be made hereunder whenever there is a default in the payment of any installment of the Obligations without exhausting the power of sale granted hereby, and without affecting in any way the power of sale granted under this Subsection, the unmatured balance of the Obligations (except as to any proceeds of any sale which Holder may apply as prepayment of the Obligations) or the liens and security interests securing payment of the Obligations. It is intended by each of the foregoing provisions of this Subsection, that Trustee may, after any request or direction by Holder, sell, not only the Land but also, the Personal Property and other interests constituting a part of the Mortgaged Property, or any part thereof, all as a unit and as part of a single sale, or may sell any part of the Mortgaged Property separately from the remainder of the Mortgaged Property.

- (c) Holder may, or Trustee may upon written request of Holder, proceed by suit or suits, at law or in equity, to enforce the payment and performance of the Obligations in accordance with the terms hereof and of the Note or other instruments evidencing or securing same, to foreclose the liens, security interests and this Deed of Trust as against all or any part of the Mortgaged Property, and to have all or any part of the Mortgaged Property sold under the judgment or decree of a court of competent jurisdiction.
- (d) Holder, as a matter of right and without regard to the sufficiency of the security, and without any showing of insolvency, fraud or mismanagement on the part of Grantor, and without the necessity of filing any judicial or other proceeding other than the proceeding for appointment of a receiver, shall be entitled to the appointment of a receiver or receivers of the Mortgaged Property, or any part thereof, and of the income, rents, issues and profits thereof.
- (e) Holder may enter upon the Land, take possession of the Mortgaged Property and remove the Personal Property, or any part thereof, with or without judicial process, and, in connection therewith, without any responsibility or liability on the part of Holder, take possession of any property located on or in the Mortgaged Property which is not a part of the Mortgaged Property and hold or store such property at Grantor's expense.
- (f) Holder may require Grantor to assemble the Personal Property, or any part thereof, and make it available to Holder at a place to be designated by Holder which is reasonably convenient to Grantor and Holder.



- (g) After notification, if any, hereafter provided in this Subsection 3.3(g), Holder may sell, lease or otherwise dispose of, at the office of Holder, or on the Land, or elsewhere, as chosen by Holder, all or any part of the Personal Property in its then condition, or following any commercially reasonable preparation or processing, and each sale [as used herein, the term "Sale" means any such sale, lease or other disposition made pursuant to this Subsection 3.3.(g)] may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts, and, at any Sale, it shall not be necessary to exhibit the Personal Property, or part thereof, being sold. The Sale of any part of the Personal Property shall not exhaust Holder's power of Sale, but Sales may be made from time to time until the Obligations are paid and performed in full. Reasonable notification of the time and place of any public Sale pursuant to this Subsection 3.3(g), or reasonable notification of the time after which any private Sale is to be made pursuant to this Subsection 3.3(g), shall be sent to Grantor and to any other person entitled to notice under the Uniform Commercial Code of the State of Texas ("Code"); provided that if the Personal Property, or any part thereof, being sold is perishable, or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Holder may sell, lease or otherwise dispose of such Personal Property, or part thereof, without notification, advertisement or other notice of any kind. It is agreed that notice sent or given not less than five (5) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this Subsection 3.3(g).
- (h) Holder may surrender the insurance policies maintained pursuant to Subsection 2.2(b) and 2.2(c) hereof, or any part thereof, and receive and apply the unearned premiums as a credit on the Obligations, and, in connection therewith, Grantor hereby appoints Holder as the agent and attorney-in-fact for Grantor to collect such premiums. Holder shall have no obligation to keep any insurance in force with respect to the Mortgaged Property or any part thereof.
- (i) Holder may retain the Personal Property in satisfaction of the Obligations whenever the circumstances are such that Holder is entitled to do so under the Code.
- (j) Holder may buy the Mortgaged Property, or any part thereof, at public Sale or judicial sale.
- (k) Holder may buy the Personal Property, or any part thereof, at any private Sale if the Personal Property, or part thereof, being sold is a type customarily sold in a recognized market or is a type which is the subject of widely distributed standard price quotations.
- (l) Holder shall have and may exercise any and all other rights and remedies which Holder may have at law or in equity, or by virtue of any other security instrument, or under the Code, or otherwise.
- (m) Holder may apply the reserves, if any, required by Section 4.9 hereof, toward payment of the Obligations.

Section 3.4. Should any part of the Mortgaged Property come into the possession of Holder, whether before or after Default, Holder may use or operate the Mortgaged Property (i) for the purpose of preserving it or its value, (ii) pursuant to the order of a court of appropriate jurisdiction, or (iii) in accordance with any other rights held by Holder in respect of the Mortgaged Property. Grantor covenants to promptly reimburse and pay to Holder, at the place where the Notes are payable, or at such other place as may be designated by Holder in writing, the amount of all reasonable expenses (including the cost of any insurance, taxes or other charges) incurred by Holder in connection with its custody, preservation, use or operation of the Mortgaged Property, together with interest thereon from the date incurred by Holder until repaid by Grantor at the highest rate per annum allowed by law and all such expenses, cost, taxes, interest and other charges shall be a part of the Obligations. It is agreed, however, that the risk of accidental loss or damage to the Mortgaged Property is on Grantor, and Holder shall have no liability whatever for decline in value of the Mortgaged Property, nor for failure to

obtain or maintain insurance, nor for failure to determine whether any insurance ever in force is adequate as to amount or as to the risks incurred.

Section 3.5. In case the liens or security interests hereof shall be foreclosed by Trustee's sale, or by other judicial or non-judicial action, the purchaser at any such sale shall receive, as an incident to his ownership, immediate possession of the property purchased, and if Grantor or Grantor's successors shall hold possession of said property, or any part thereof, subsequent to foreclosure, Grantor and Grantor's successors shall be considered as tenants at sufferance of the purchaser at foreclosure sale, and anyone occupying the property after demand made for possession thereof shall be guilty of forcible detainer and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived.

Section 3.6. The proceeds from any sale, lease or other disposition made pursuant to this Article III, or the proceeds from surrendering any insurance policies pursuant to Subsection 3.3(h) hereof, or any Rental collected by Holder pursuant to any Assignment of Rents or Leases, or the reserves required by Section 4.9 hereof, or sums received pursuant to Section 4.7 hereof, or proceeds from insurance which Holder elects to apply to the Obligations pursuant to Section 4.8 hereof, shall be applied by Trustee, or by Holder, as the case may be, as follows: First, to the payment of all expenses of advertising, selling and conveying the Mortgaged Property, or part thereof, including a reasonable commission to Trustee not to exceed five percent (5%) of the proceeds of the sale, and reasonable attorneys' fees; Second, to interest on the Obligations; Third, to principal on the matured portion of the Obligations; Fourth, to prepayment of the unmatured portion, if any, of the Obligations applied to installments of principal in inverse order of maturity; and Fifth, the balance, if any, remaining after the full and final payment and performance of the Obligations, to Grantor or Grantor's successors or assigns.

Section 3.7. In the event a foreclosure hereunder should be commenced by Trustee in accordance with Subsection 3.3(b) hereof, Holder may at any time before the sale direct Trustee to abandon the sale, and may then institute suit for the collection of the Notes, and for the foreclosure of the liens and security interests hereof. If Holder should institute a suit for the collection of the Notes, and for a foreclosure of the liens and security interests hereof, it may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee to sell the Mortgaged Property, or any part thereof, in accordance with the provisions of this Deed of Trust.

Section 3.8. It is agreed that, in any deed or deeds given by Trustee, or any substitute trustee, any and all statements of fact or other recitals therein made as to the identity of Holder, or as to the occurrence or existence of any Default, or as to the acceleration of the maturity of the Obligations, or as to the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, distribution and application of the money realized therefrom, or as to the due and proper appointment of a substitute trustee, and, without being limited by the foregoing, as to any other act or thing having been duly done by Holder, or any of them if there be more than one, or by Trustee or any substitute trustee, shall be taken by all courts of law and equity as prima facie evidence that the said statements or recitals state facts and are without further questions to be so accepted, and Grantor does hereby ratify and confirm any and all acts that Trustee or any substitute trustee may lawfully do in the premises by virtue hereof.

Section 3.9. In the event of the resignation or death of Trustee, or his removal from his county of residence or inability, for any reason, to make any such sale or to perform any of the trusts herein declared, or, at the option of Holder, without cause, the then Holder may appoint, in writing, a substitute trustee, who shall thereupon succeed to all the estates, titles, rights, powers and trusts herein granted to and vested in Trustee. If Holder is a bank or a corporation, such appointment may be made on behalf of such Holder by any person who is then the president, or a vice-president, or the cashier or secretary, or any other authorized officer or agent, of Holder. In the event of the resignation or death of any such substitute trustee, or his failure, refusal or inability to make any such sale or perform such trusts, or, at the option of Holder, without cause, successive substitute trustees may thereafter, from time to time, be appointed in the same manner. Wherever herein the word "Trustee" is used, the same shall mean the person who is the duly appointed trustee or substitute trustee hereunder at the time in question.

#### ARTICLE IV



Section 4.1. If the Obligations are paid and performed in full accordance with the terms of this Deed of Trust and the Note and other instruments evidencing and securing same, and if Grantor shall well and truly perform all of Grantor's covenants contained herein, then this conveyance shall become null and void and be released at Grantor's request and expense; otherwise, it shall remain in full force and effect, provided that no release hereof shall impair Grantor's warranties and indemnities contained herein.

Section 4.2. As used in this Article IV, "Rights" mean rights, remedies, powers and privileges, and "Liens" means titles, interests, liens and security interests. All Rights and Liens herein expressly conferred are cumulative of all other Rights and Liens herein, or by law or in equity provided, or provided in any Other Security Instruments and shall not be deemed to deprive Holder or Trustee of any such other legal or equitable Rights and Liens by judicial proceedings, or otherwise, appropriate to enforce the conditions, covenants and terms of this Deed of Trust, the Notes and Other Security Instruments, and the employment of any Rights hereunder, or otherwise, shall not prevent the concurrent or subsequent employment of any other appropriate Rights.

Section 4.3. Any and all covenants in this Deed of Trust may from time to time, by instrument in writing signed by Holder and delivered to Grantor, be waived to such extent and in such manner as Holder may desire, but no such waiver shall ever affect or impair Holder's Rights or Liens hereunder, except to the extent so specifically stated in such written instrument. Impossibility, impracticability or frustration shall not excuse the performance of any covenant or condition in this Deed of Trust.

Section 4.4. Any provision herein, or in the Notes or any other document executed in connection herewith, to the contrary notwithstanding, no Holder shall in any event be entitled to receive or collect, nor shall or may amounts received hereunder be credited, so that a Holder shall be paid, as interest, a sum greater than the maximum amount permitted by applicable laws. If any construction of this Deed of Trust, the Notes, the Other Security Instruments or any and all other papers, indicates a different right given to Holder to ask for, demand or receive any larger sum, as interest, such is a mistake in calculation of wording, which this clause shall override and control, and the interest chargeable hereunder or thereunder shall be reduced to the maximum amount permitted by law.

Section 4.5. In the event Grantor or any of Grantor's successors conveys his interest in the Mortgaged Property, any part thereof or any interests therein, to any other party, Holder may, without notice to Grantor or Grantor's successors, deal with any owner of any part of the Mortgaged Property with reference to this Deed of Trust and the Obligations, either by way of foreclosure on the part of Holder, or extension of time of payment of the Obligations, or release of all or any part of the Mortgaged Property, or any other property securing payment of the Obligations, without in any way modifying or affecting Holder's Rights and Lien hereunder or the liability of Grantor or any other party liable for payment of the Obligations, in whole or in part.

Section 4.6. Grantor hereby waives all rights of marshaling in event of any foreclosure of the liens and security interests hereby created.

Section 4.7. Holder shall be entitled to receive any and all sums which may be awarded or become payable to Grantor for the condemnation of the Mortgaged Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Grantor for damages caused by public works or construction on or near the Mortgaged Property. All such sums are hereby assigned to Holder, and Grantor shall, upon request of Holder, make, execute, acknowledge and deliver any and all additional assignments and documents as may be necessary from time to time to enable Holder to collect and receipt for any such sums. Holder shall not be, under any circumstances, liable or responsible for failure to collect, or exercise diligence in the collection of, any of such sums. In the event such sums, together with any amounts contributed by Grantor, are sufficient to restore or rebuild the improvements so that the value of the improvements and the Mortgaged Property is not impaired, then Holder agrees to make such sums available to Grantor for restoration or rebuilding.

Section 4.8. Holder may collect the proceeds of any and all insurance that may become payable with respect to the Mortgaged Property, or any part thereof, and will use the same to rebuild or restore the improvements on the Mortgaged Property so long as any

such insurance proceeds, together with sums contributed by Grantor, shall be sufficient in the reasonable judgment of Holder to rebuild or restore said improvements. If the proceeds and sums contributed by Grantor are not sufficient for such rebuilding or restoration, then Holder may apply the same to the Obligations in the order and manner set forth in Section 3.6 hereof, whether then matured or to mature in the future. In either event, Holder may deduct therefrom any expenses incurred in connection with the collection or handling of such proceeds, it being understood that Holder shall not be, under any circumstances, liable or responsible for failure to collect, or exercise diligence in the collection of, any of such proceeds.

Section 4.9. At the request of Holder, Grantor shall create a fund or reserve for the payment of all insurance premiums, taxes and assessments against the Mortgaged Property, as estimated by Holder, less all sums paid previously to Holder therefor, divided by the number of months to elapse before one month prior to the date when such premiums, taxes and assessments will become delinquent, such sums to be held by Holder without interest and without any duties of trust or as a fiduciary, for the purposes of paying such premiums, taxes and assessments. Any excess reserve shall, at the discretion of Holder, be credited by Holder on subsequent payments to be made on the Obligations by Grantor, and any deficiency shall be paid by Grantor to Holder on or before the date when such premiums, taxes and assessments shall become delinquent. Transfer of legal title to the Mortgaged Property or any part thereof shall automatically transfer title in all sums deposited under the provisions of this Section 4.9.

Section 4.10. It is understood and agreed that the proceeds of the Notes, to the extent the same are utilized to renew or extend any indebtedness or take up any outstanding Liens against the Mortgaged Property, or any portion thereof, have been advanced by Holder at Grantor's request and upon Grantor's representation that such amounts are due and payable. Holder shall be subrogated to any and all Right and Liens owned or claimed by any owner or holder of said outstanding Rights and Liens, however remote, regardless of whether said Rights and Liens are acquired by assignment or are released by the holder thereof upon payment.

Section 4.11. Each and every party who signs this Deed of Trust, other than Holder, and each and every subsequent owner of the Mortgaged Property, or any part thereof, covenants and agrees that he or it will perform or cause to be performed, each and every condition, term, provision and covenant of this Deed of Trust, except that he shall have no duty to pay the indebtedness evidenced by the Notes except in accordance with the terms of the Notes, and all renewals and extensions thereof, and this Deed of Trust or in accordance with the terms of the transfer to him. Wherever this Deed of Trust requires notice to Grantor, such notice shall be deemed to have been given three (3) days after it is deposited in the United States mail in an envelope addressed to Grantor at the address stated herein or at Grantor's address as shown on the books of Holder.

Section 4.12. If the Rights and Liens created by this Deed of Trust shall be invalid or unenforceable as to any part of the Obligations, the unsecured portion of the Obligations shall be completely paid prior to the payment of the remaining and secured position of the Obligations, and all payments made on the Obligations shall be considered to have been paid on and applied first to the complete payment of the unsecured portions of the Obligations.

Section 4.13. This Deed of Trust is binding upon Grantor and Grantor's successors, and shall inure to the benefit of Holder, and its successors and assigns, and the provisions hereof shall likewise be covenants running with the land. The duties, covenants, conditions, obligation and warranties of Grantor in this Deed of Trust shall be joint and several obligations of Grantor and Grantor's successors.

Section 4.14. Portions of the hereinabove described Personal Property are goods which are or are to become fixtures on the Land and Grantor covenants and agrees that the filing of this Deed of Trust in the real property records in the office of offices of the County Clerk or Clerks where the Land may be located, shall also operate, as at the time of such filing, as a financing statement filed as a fixture filing in accordance with Section 9.402 of the Code. A carbon, photographic or other reproduction of this Deed of Trust shall constitute a sufficient financing statement under the provisions of such Section 9.402. Grantor is the record owner of the Land. The address of Mortgagee (Secured Party), from whom information concerning the security interests evidenced hereby may be obtained, is noted on the signature page hereof.

Section 4.15. This Deed of Trust is cumulative and given to provide additional security for the payment of the Note and not in lieu of any Vendor's Lien and superior title which may be reserved and retained in any Deed to Grantor. Foreclosure of the lien created by this Deed of Trust shall also foreclose any such Vendor's Lien to the extent same is in favor of Mortgagee or is assigned to Mortgagee by express assignment by subrogation (whether express or implied) or by operation of law.

Section 4.16. Grantor hereby expressly agrees that Mortgagee shall be subrogated to all rights, titles, interests, liens, benefits, remedies, equities, superior title and security interests (the "Subrogated Liens") owned, claimed or held as security for any indebtedness or other obligation (the "Discharged Obligations") directly or indirectly satisfied, discharged or paid with money or other property advanced by Mortgagee. Irrespective of any formal or informal acknowledgement of partial or complete satisfaction or release of the Discharged Obligations, the Subrogated Liens shall be continued, renewed, extended, brought forward and rearranged as security for the Obligations in addition to and cumulative of the lien and security interest of this Deed of Trust. Foreclosure hereunder shall constitute foreclosure of the Subrogated Liens.

Section 4.17. Grantor expressly agrees that should Grantor, without the prior written consent of Mortgagee, transfer, convey or mortgage all or any part of the Mortgaged Property, absolutely or as security for a debt or other obligation, whether done by a direct or an indirect method, by transfer of the legal or beneficial title to the Mortgaged Property, or enter into any contractual arrangement to do so, Mortgagee shall have the right and option to declare the entire amount of the Obligations to be due and payable. Provided also that any change in the interest of Grantor, or any change in the stock ownership of Grantor, or any change in the ownership or control of Grantor, undertaken or occurring without the express written consent of Mortgagee shall be deemed to be a transfer for the purposes of this paragraph, giving Mortgagee the remedies set forth in the previous sentence.

Section 4.18. Notwithstanding anything in this Deed Of Trust to the contrary, Mortgagee, by its acceptance hereof, agrees to subordinate its liens, security interests, rights, privileges and claims granted herein to not more than seven (7) acres of the Land to the financing of a solvents plant that Grantor intends to erect or cause to be erected on said seven (7) acres of the Land. Reasonable attorneys' fees and expenses incurred by Mortgagee in connection with any such subordination shall be paid by Grantor to Mortgagee.

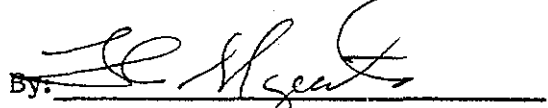
EXECUTED AND DELIVERED, this the 30 day of November, 1985.

Address of Mortgagee:

*ret:*  
c/o Richard F. Bergner  
5718 Westheimer  
Suite 700  
Houston, Texas 77057

GRANTOR:

FALCON REFINING COMPANY

By: 

Printed Name: THOMAS M. HATECATE

Title: PRESIDENT

Address of Trustee:

5718 Westheimer, Suite 700  
Houston, Texas 77057

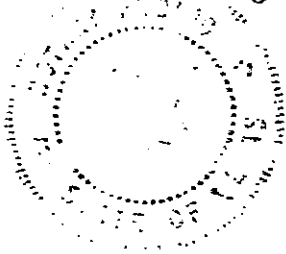
ADDRESS OF GRANTOR:

7322 Southwest Freeway, Suite 850  
Houston, Texas 77074

FILE NO. 344362

THE STATE OF TEXAS   §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before on the 30 day of November, 1985, by  
Thomas M. Hjerpe, in the capacity therein stated.



Susan Jane Haywood  
Notary Public In/And For  
The State Of TEXAS

SUSAN JANE HAYWOOD  
Notary Public in and for the State of Texas  
My Commission Expires 7-23 1988

Return to:

Richard F. Bergner  
5718 Westheimer, Suite 700  
Houston, Texas 77057

101

P.O. BOX 7747  
CORPUS CHRISTI, TEXAS 78418  
PHONE: (512) 854-0281  
TELEX: 76-7699



CORPUS CHRISTI, TEXAS  
BRANCHES: HOUSTON, TEXAS  
SAN ANTONIO, TEXAS  
CORPUS CHRISTI, TEXAS

Job No. C 19,597

STATE OF TEXAS  
COUNTY OF SAN PATRICIO

FILE NO. 344362

TRACT 1

FIELDNOTE DESCRIPTION of a portion of Lots 4 and 5, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southeasterly corner of said Lot 4, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot public roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 4, N 55° 23' 00" W, at 50.00 feet pass the westerly right-of-way of said Farm-to-Market Road, in all 156.12 feet to the POINT OF BEGINNING of this tract;

THENCE, continuing along said centerline and boundary, N 55° 23' 00" W, 503.88 feet to the southwesterly corner of said Lot 5;

THENCE, along the westerly boundary of said Lot 5, N 34° 37' 00" E, at 20.00 feet pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 685.00 feet to a brass monument in concrete found;

THENCE, S 55° 23' 00" E, 610.00 feet to a 5/8 inch iron rod set on the westerly right-of-way of said Farm-to-Market Road;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 501.25 feet to a 5/8 inch iron rod found;

THENCE, N 55° 23' 00" W, 106.12 feet to a 5/8 inch iron rod found;

THENCE, S 34° 37' 00" W, at 163.75 feet pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 183.75 feet to the POINT OF BEGINNING.

CONTAINING 9.145 acres, more or less, of which 0.231 acre is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY:

*Michael Haas*

Michael Haas  
Registered Public Surveyor  
Texas No. 2033

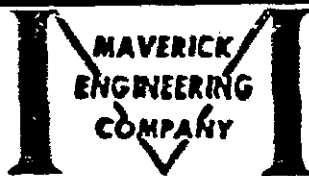
MH:ms



344362

97006

8007 CHANCELLOR ROW  
P. O. BOX 7747  
CORPUS CHRISTI, TEXAS 78415  
PHONE: (512) 854-0281  
TELEX: 76-7899



CORPORATE OFFICES:  
CORPUS CHRISTI, TEXAS  
BRANCHES: HOUSTON, TEXAS  
SAN ANTONIO, TEXAS  
CORPUS CHRISTI, TEXAS

Job No. C 19,597

October 10, 1984

STATE OF TEXAS  
COUNTY OF SAN PATRICIO

FILE NO.  
344362

TRACT 2

FIELDNOTE DESCRIPTION of all of Lots 1 and 2, and a portion of Lot 3, Block N, AND a portion of Lots 1 and 2, Block M, AND all of Lot 4, Block II, AND a portion of Lot 4, Block JJ, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwesterly corner of said Lot 3, Block N, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the northerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road, for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, S 34° 37' 00" W, at 20.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of said 40.00 foot roadway, at 1300.00 feet pass a 5/8 inch iron rod set on the northerly right-of-way of a 40.00 foot roadway between Blocks M and N of said subdivision, in all 1320.00 feet to a 5/8 inch iron rod set on the southerly boundary of said Lot 3, Block N, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and southerly boundary, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod set at the southeasterly corner of said Lot 3, Block N, being the northwesterly corner of Lot 2, Block M;

THENCE, along the westerly boundary of said Lot 2, S 34° 37' 00" W, at 20.00 feet pass the southerly right-of-way of said 40.00 foot roadway, in all 660.00 feet to a 5/8 inch iron rod set;

THENCE, S 55° 23' 00" E, at 630.00 feet pass the westerly right-of-way of a 60.00 foot roadway between Blocks M and JJ, at 660.00 feet pass the centerline of said roadway and boundary between said Blocks M and JJ, in all 690.00 feet to a 5/8 inch iron rod found on the easterly right-of-way of said 60.00 foot roadway;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, 420.89 feet to a 5/8 inch iron rod found;

THENCE, S 57° 11' 36" E, 219.92 feet to a 5/8 inch iron rod found;

THENCE, N 36° 16' 05" E, 252.27 feet to a 5/8 inch iron rod found on the northerly right-of-way of a 40.00 foot roadway between Blocks JJ and II;

344362

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TRACT 2 (CONTINUED)

FILE NO. 344362

THENCE, along said northerly right-of-way, S 55° 23' 00" E, 72.92 feet to a 5/8 inch iron rod set on the boundary between Lots 3 and 4, Block II;

THENCE, along said boundary, N 34° 37' 00" E, at 1280.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of a 40.00 foot roadway between Blocks II and HH, in all 1300.00 feet to the centerline of said roadway, being the northeasterly corner of said Lot 4, Block II;

THENCE, along said centerline and the boundary between Blocks II and HH, and the boundary between Blocks H and O, N 55° 23' 00" W, 1270.00 feet to the POINT OF BEGINNING.

CONTAINING 50.113 acres, more or less, of which 4.070 acres is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY: Michael Haas  
Michael Haas  
Registered Public Surveyor  
Texas No. 2033

MH:ms



344362

97008

EXHIBIT "A"  
PAGE 3 OF 3

A. A refinery located in Ingleside, Texas, on 59.258 acres of land, more or less, and consisting of the following processing units and facilities:

A complete 10,000 or 12,000 b/d atmospheric crude distillation unit, including 3 side strippers, distillate treating facilities and cooling tower.

A complete 30,000 b/d atmospheric crude distillation unit, including 4 side strippers, diesel steam filter - coalescer and salt dryer and off-gas compressor and caustic treater, distillate treating facilities and cooling tower.

A complete 20,000 b/d vacuum distillation unit, including cooling tower.

A complete 15,000 b/d naptha stabilizer

Boiler house 20,000 lb/hr

Firewater system, including 200 HP diesel driven firewater pump

Waste water treatment system

Tankage consisting of 31 tanks with a total capacity of approximately 1,179,250 barrels and transfer pumps

Barge loading facilities and dock, including air operated hydraulic crane, flexible hoses, meters, and air eliminators, as well as packaged boiler, together with all other allied assets

Two (2) truck loading racks, together with all facilities thereto

B. Laboratory equipment located in the metallic building adjacent to the two-story office building, at the intersection of FM 2725 and Bishop Road, San Patricio County, Texas, and consisting of the following:

Fisher Model 1200 Gas Partitioner with Omni-Scribe recorder

Princeton Gamma Tech Model 100 Chemical Analyser (Sulfur Mach.) w/Anadex Model DP-500 Printer

L-X Heating Hydrometer Cylinders (2)

Vapor Pressure Bath Unit

Fisher Model 13-449 Colorimeter, ASTM D-1500

Fisher/Tag, Ser. No. 113, Saybolt Chronometer

Precision Scientific Cat. No. 74731 Distillation Machine (4)

Fisher/Tag Model 13407 Flash Point Apparatus

Koehler Instrument Co. Smoke Point Apparatus (Jet A)

Precision Scientific Cat. No. 74700 Salt and Crude Analyser

Fisher Model 315 Thermix Stirring Hot Plate

Lab-Line Instruments Model No. 1405 Kwik-Set Lab-Chron Timer

Fisher/Tag Ser. No. 1392 Saybolt Viscosimeter, ASTM D-88

Precision Scientific Cat. No. 74944 Temp-Trol Viscosity Bath

Koehler Model No. 1C-399 LPG Corrosion Bath

Labconco Stainless Steel Glassware Washer

RECORDERS MEMORANDUM

At the time of recitation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discoloration, paper, etc. All blockouts, additions and changes present at the time the instrument was filed and recited.

Vacuum Distillation Apparatus w/Vacuum Pump and (2) heating elements  
Koehler sample warmer, water by distillation  
Depentanization Apparatus ("podbielniak")  
Fisher Model No. 350 Isotemp Oven  
Corning No. 125 ph Meter  
Bausch & Lomb Model No. 33-46-10 Refractometer  
Bausch & Lomb Model No. 33-22-01 Spectronic 21  
Fisher/Tag Ser. No. 1503 Tag Closed Meter, ASTM D-56  
GRA/Lab Model No. 171 Universal Timer  
M-6D Aqua Still Model No. M-6D, Ser. No. CD-621  
Oceanography Int'l. Ampulmatic Model No. 1360  
Dayton Electric Model No. 3Z394B Speedair Compressor  
Miscellaneous consumable laboratory supplies

C. All spare parts, inventory and tools presently located in or on the 59.258 acres of land described in Paragraph A. above and/or in or on the two-story office building and/or metallic building described in Paragraph B. above.

D. In addition to the processing units and facilities specifically described in Paragraph A. above, the refinery shall also include the following:

Flare system including "knock out" drum  
Kerosine Clay Tower  
Instrument Air Compressor with dryer  
Control Building with Control Panels  
Pump House with switch gear room

RECORDER'S MEMORANDUM

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

I, JAMES W. HARRIS, County Clerk of San Patricio County, Texas, do hereby certify that the following pages are part of the original Public Record of the County of San Patricio, Texas.

344362 97011

FILE NO: 344362

4th December 85



Leases, Easements and Permits

1. Lease Agreement dated March 26, 1979, from Coast Materials, Inc., as Lessor, to Uni Pipeline Company, as Lessee, covering the following described land situated in San Patricio County, Texas:

Being located on Red Fish Bay and BEGINNING at a point in the centerline of Ocean Drive, at 80 foot roadway opposite the Southeast corner of Lot Two (2), Bay Block Eight (8), as shown by map prepared by P. L. Telford dated December 9, 1909 and recorded in the Map Records of Aransas County, Texas, in Volume 1 at pages 62-63, a certified photostatic copy of which is filed in the Deed Records of San Patricio County, Texas, in Volume 152 at page 1, said point being in the Southeasterly projection of the South line of said Lot Two (2), Bay Block Eight (8) of said subdivision;

THENCE, N. 17° 16' 57" E., 345.7 feet along the centerline of Ocean Drive to a corner;

THENCE, N. 15° 24' 14" E., 349.46 feet along said centerline of Ocean Drive to a corner;

THENCE, N. 18° 04' 37" E., 344.24 feet along said centerline of Ocean Drive to a corner;

THENCE, N. 29° 15' E., 331.45 feet along said centerline of Ocean Drive to the Northwest corner of this tract;

THENCE, S. 55° 23' E., 270.01 feet with the Southeasterly projection of the North line of Lot Three (3), Bay Block Seven (7) of said subdivision to the shore of Red Fish Bay for the Northeast corner of this tract;

THENCE, with the shore of Red Fish Bay, S. 30° 06' 42" W., 331.02 feet;

THENCE, continuing with said shoreline, S. 32° 32' 03" W., 330.02 feet;

THENCE, along said shoreline, S. 32° 17' 15" E., 59.81 feet;

THENCE, along said shoreline, S. 16° 46' 10" W., 308.88 feet to a corner of this tract;

THENCE, along said shoreline, S. 23° 50' 07" W., 340.40 feet to the Southeast corner of this tract in the Southeasterly projection of the South line of Lot Two (2), Bay Block Eight (8) of said subdivision;

THENCE, N. 55° 23' W., 170.01 feet along said projection of the South line of said Lot Two (2) to the POINT OF BEGINNING, SAVE AND EXCEPT the East one-half (1/2) of Ocean Drive, an 80 foot roadway dedicated to the public use as such, containing 6.764 acres (including roadway), more or less, 5.505 acres, more or less, excluding one-half (1/2) roadway;

RECORDED MEMORANDUM

At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discoloration, paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

EXHIBIT "C"  
PAGE 1 OF 14

344362

97011

SAVE AND EXCEPT, however, the following:

Beginning at a point in the center line of Ocean Drive where the center line of Sunray Road, a forty (40') foot county road, crosses said center line of Ocean Drive as shown by Burton and Danforth Subdivision map recorded in Vol. 1 at pages 62-63 of the map records of Aransas County, Texas, a certified photostatic copy of which is recorded in the Deed Records of San Patricio County, Texas, in Vol. 152, at page 1,

THENCE N. 18 deg. 4 min. 37 sec. East, 156.47 ft. along the center line of said Ocean Drive, an 80-foot roadway to the Northwest corner of this tract;

THENCE S. 55 deg. 25 min. East 218.55 feet to the shoreline of Redfish Bay for the Northeast corner of this tract;

THENCE S. 32 deg. 32 min. 3 sec. West, 150.1 feet with the shoreline of Redfish Bay;

THENCE S. 23 deg. 17 min. 15 sec. East, 59.47 feet along the shoreline;

THENCE S. 16 deg. 46 min. 10 sec. West, 308.88 feet along the shoreline;

THENCE S. 23 deg. 50 min. 7 sec. West, 340.40 feet along the shore to the Southeast corner of this tract;

THENCE N. 55 deg. 23 min. West, 170.17 feet to the Southwest corner in the center line of Ocean Drive;

THENCE N. 17 deg. 16 sec. 57 min. East, 345.70 feet with the center line of Ocean Drive to a corner;

THENCE N. 15 deg. 24 min. 14 sec. East, 349.46 feet along the center line of Ocean Drive to the point of beginning, containing 3.74 acres, save and except the East one-half (1/2) of Ocean Drive embraced within the above metes and bounds.

2. Pipeline Easement dated March 23, 1978, from Hugh C. Jackson to Uni Pipe Line Inc., covering a portion of Lot 4, Block B-B and Lots 3 and 4, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

3. Pipeline Easement dated March 17, 1978, from Dorothy Cathings to Uni Pipe Line, Inc., covering a portion of Lots 1, 2 and 3, Block "U" and Lot 3, Block "T" of the Burton and Danforth Subdivision, San Patricio County, Texas.

4. Pipeline Easement dated March 20, 1978, from Florence I. Duphorne to Uni Pipe Line, Inc., covering a portion of Lots 2 and 3, Block A-A of the Burton and Danforth Subdivision, San Patricio County, Texas.

EXHIBIT "C" is a true and correct copy of the original instrument as recorded in the public records of San Patricio County, Texas, and is subject to the same conditions and restrictions as the original instrument.

5. Pipeline Resolution of the Commissioner's Court of San Patricio County, Texas dated April 28, 1978, authorizing Uni Oil, Inc. to lay, construct, maintain and operate pipelines under, through, across and along certain public roads and highways.

6. Permit No. 1191 dated January 19, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni-Oil, pertaining to a pipeline across State Highway No. 361, San Patricio County, Texas.

7. Permit No. 1216 dated February 15, 1978, issued by the State Department of Highways and Public Transportation of the State of Texas to Uni Pipe Line, Inc., pertaining to a pipeline across F.M. No. 2725.

8. Perpetual 20' easement reserved in General Warranty Deed, dated May 8, 1984, from American Energy Leasing, Inc. ("Grantor") to A.C. Garrett, et al ("Grantees").

9. Perpetual 15' easement reserved in Warranty Deed, dated July 2, 1984, from American Energy Leasing, inc. ("Grantor") to Central Power and Light Company ("Grantee").

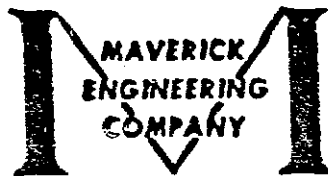
10. Pipeline and valve station easement reserved in General Warranty Deed (With Vendor's Lien"), dated March 30, 1984, from American Energy Leasing, Inc. ("Grantor") to J.D. Construction & Refinery Maintenance, Inc. ("Grantee").

11. Resolution of the City of Aransas Pass, Texas, dated November 7, 1977, granting H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain and operate a pipeline under, through, across and along public roads and highways under the jurisdiction of the City of Aransas Pass, Texas; and Resolution of the Commissioners' Court of San Patricio County, Texas, dated November 14, 1977, granting to H & J Marine, Inc., its successors and assigns, the right to lay, construct, maintain and operate a pipeline under, through, across and along public roads and highways under the jurisdiction of the County of San Patricio, Texas; which right of way grants and rights relating thereto were assigned by Assignment Of Right-Of-Way, dated January 23, 1978, from H & J Marine, Inc. to Uni Oil, Inc., and which right of way grants and rights relating thereto were assigned to Poda by Assignment of Rights of Way and Permit, dated January 31, 1983, and filed for record in the Official Public Records of Real Property of San Patricio County, Texas, under San Patricio County Clerk's File #315281, to which Resolutions and the assignments thereof reference is hereby made for all purposes.

12. Permit Number 1787, dated April 19, 1979, issued by the State Department of Highways And Public Transportation of the State of Texas to Uni Pipeline, Inc., pertaining to a pipeline through and under FM 1069 and FM 2725, San Patricio County, Texas, which Permit and the rights relating thereto were assigned to Poda by Assignment of Rights of Way and Permit, dated January 31, 1983, above described, to which Permit and the assignment thereof reference is hereby made for all purposes.



3002 CHANCELLOR ROW  
P. O. BOX 7747  
CORPUS CHRISTI, TEXAS 78415  
PHONE: (512) 854-0281  
TELEX: 767699



FILE NO: 344362  
CORPORATE OFFICES:  
CORPUS CHRISTI, TEXAS  
BRANCHES: HOUSTON, TEXAS  
SAN ANTONIO, TEXAS  
CORPUS CHRISTI, TEXAS

Job No. C 19,597

October 18, 1984

STATE OF TEXAS  
COUNTY OF SAN PATRICIO

DESCRIPTION of a ~~pipeline~~ pipeline easement across a portion of Lots 1, 2 and 3, Block II, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwest corner of said Lot 3, being on the centerline of a 40.00 foot roadway between Blocks II and III, said subdivision;

THENCE, along the common boundary between Lots 3 and 4, said Block II, S 34° 37' 00" W, 20.00 feet to the southerly right-of-way of said 40.00 foot roadway, for the POINT OF BEGINNING of this easement;

THENCE, along said southerly right-of-way, S 55° 23' 00" E, 960.00 feet to the westerly right-of-way of a 60.00 foot roadway between Blocks II and 9 of said subdivision;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 73.50 feet;

THENCE, N 55° 23' 00" W, 960.00 feet to the common boundary between said Lots 3 and 4, Block II;

THENCE, along said common boundary, N 34° 37' 00" E, 73.50 feet to the POINT OF BEGINNING.

MAVERICK ENGINEERING COMPANY

BY:

*Michael Haas*  
Michael Haas  
Registered Public Surveyor  
Texas No. 2033

MH:ms



344362

EXHIBIT "C"  
PAGE 4 OF 14

97014

October 10, 1984

Billman Homes, Inc.  
4125 Violet Road  
Corpus Christi, Texas 78410  
Attn: Mr. Daniel H. Billman, President

Gentlemen:

Please make reference to that certain Earnest Money Contract dated September 24, 1984, between American Energy Leasing, Inc., a Delaware corporation ("Seller") and Billman Homes, Inc., a Texas corporation ("Purchaser"), covering 2.25 acres, more or less, out of Farm Lot 3, Land Block "O," Barton and Danforth Subdivision, San Patricio County, Texas, and all improvements thereon (the "Earnest Money Contract").

Simultaneously with the execution and delivery of this Letter Agreement, American Energy Leasing, Inc., one of the undersigned, has executed and delivered to Billman Homes, Inc., a General Warranty Deed covering the land referenced in the Earnest Money Contract and more particularly described by metes and bounds in the Exhibit "A," attached hereto and made a part hereof for all purposes (the "Land"), together with all improvements located on the Land.

The improvements located on the Land are a two-story prefabricated concrete building (the "Concrete Building") and a one-story metal building (the "Metal Building"), the location of which are outlined in a survey plat of the Land marked Exhibit "B" attached hereto and made a part hereof for all purposes.

Article V, Paragraph (A) of the Earnest Money Contract provides as follows:

**"V. LEASE AND FURNITURE AND EQUIPMENT.**

**(A) Lease:**

As part of the consideration for Seller conveying the Land to Purchaser, Purchaser agrees to lease to Seller, MidGulf Energy, Inc., or either of their assigns, at no cost or expense to Seller, MidGulf Energy, Inc. or either of their assigns, for a period of twenty-four (24) months, beginning the first day of the month immediately following the Closing (as herein defined) and ending twenty-four (24) full calendar months thereafter, the following:

(i) Three (3) contiguous executive offices, now located in the northwest corner on the ground floor of the two-story office and storage building located on and being a part of the Land (herein called the "Three Offices"); and

(ii) The area in the metal building located on and being a part of the Land in which Seller's laboratory is now located and as much of the remaining storage area in said metal building as Seller reasonably needs to store spare parts, tools,

*ED  
L.B.*

344362

EXHIBIT "C"  
PAGE 5 OF 14

97015

equipment and/or supplies relative to Seller's refinery located across Bishop Road from the Land.

Purchaser, however, shall have the right, at any time during said twenty-four (24) month period, to require Seller, MidGulf Energy, Inc. or either of their assigns to vacate the Three Offices upon reasonable notice and by making available, at Purchaser's sole cost and expense, executive offices comparable in size and quality, including, but not limited to, air conditioning and lighting, in either the two-story building or the metal building described above."

The purpose of this Letter Agreement is to implement and supplement the provisions of Article V, Paragraph (A) of the Earnest Money Contract, as follows:

(1) Lease: Billman Homes, Inc. ("Billman") does hereby lease to MidGulf Energy, Inc. ("MidGulf"), and MidGulf does hereby lease from Billman, (i) three contiguous executive offices located in the northwest corner on the ground floor of the Concrete Building and as outlined in red on the said Exhibit "B" (the "Three Offices"), (ii) the area in the Metal Building in which a laboratory is now located and as much of the remaining storage area in the Metal Building as MidGulf reasonably needs to store spare parts, tools, equipment and/or supplies relative to the refinery located across Bishop Road from the Land (the "Metal Building Space") and (iii) five (5) parking spaces adjacent to the Concrete Building and/or the Metal Building (the "Parking Spaces").

(2) Term: The term of this Lease Agreement shall begin on the date hereof and shall terminate on October 31, 1986, unless otherwise extended by mutual agreement.

(3) Rent: For the term of this Lease Agreement, MidGulf shall have no rental obligation to Billman, it being understood that part of the consideration for the conveyance by American Energy Leasing, Inc. to Billman of the Land and the improvements located thereon includes, but is not limited to, the lease of the Three Offices, the Metal Building Space and the Parking Spaces to MidGulf at no rental cost to MidGulf.

(4) Use: MidGulf shall have the right to use the Three Offices and the Metal Building Space for any lawful purpose.

(5) Relocation: Billman shall have the right at any time during the term of this Lease Agreement to require MidGulf to vacate the Three Offices upon reasonable notice and by making available, at Billman's sole cost and expense, executive offices comparable in size and quality to the Three Offices, including, but not limited to, air conditioning and lighting, in either the Concrete Building or the Metal Building.

(6) MidGulf's Covenants: MidGulf covenants and agrees as follows:

(a) To take good care of the Three Offices and the Metal Building Space and suffer no waste, and at the termination of this Lease Agreement, to deliver the Three Offices and the Metal Building Space to Billman in as good

*RWS*  
*EST*

condition as received by MidGulf, reasonable wear and tear and damage by fire, flood, windstorm, tornado, hurricane or other elements or, without limitation by the foregoing enumeration, other causes beyond MidGulf's control excepted;

(b) To comply with all valid ordinances, regulations and laws of any municipal or other governmental authority applicable to MidGulf's use of the Three Offices and/or the Metal Building Space;

(c) To keep the interior of the Three Offices and/or the Metal Building Space in a good state of repair;

(d) To pay all taxes assessed with respect to the personal property owned by MidGulf and kept on or used in connection with the Three Offices and/or the Metal Building Space; and

(e) To pay all charges for water, gas, electricity or other utilities incurred by MidGulf in connection with the use of the Three Offices and/or the Metal Building Space.

(7) Billman's Covenants: Billman covenants and agrees as follows:

(a) That Billman has good and marketable title to the Three Offices, the Metal Building Space and the Parking Spaces in fee simple absolute, and that the same are subject to no leases, tenancies, agreements, encumbrances, liens or defects in title adversely affecting them or the rights granted MidGulf in this Lease Agreement;

(b) To keep the exterior of the Concrete Building and the Metal Building in good repair, including, but not limited to, repair and maintenance of the roof and the structural soundness of the foundation and exterior walls, and to also keep in good repair the parking area in respect of the Parking Spaces;

(c) To pay all real property taxes assessed against the Land and the improvements located thereon before the same shall become delinquent; and

(d) To carry, at Billman's expense, fire and extended coverage insurance on the Concrete Building and the Metal Building, and any contents therein belonging to Billman, in an amount not less than 80% of the full insurable value thereof, and upon request therefor, Billman agrees to furnish MidGulf evidence of such coverage. Further, Billman does hereby waive and relinquish any right of recovery from MidGulf, its agents, servants or employees for loss resulting from their acts or failure to act, which loss is covered by such insurance.

(8) Signs: MidGulf shall have the right to install at its own expense its usual signs or other items identifying its business and to make such alterations, changes or additions on or to the Three Offices and/or the Metal Building Space as it finds necessary or convenient for its purposes, provided the Three Offices, the Metal

*Billman*  
*2/7/78*

Building Space, the Concrete Building and/or the Metal Building shall not be structurally damaged thereby.

(9) Assignment: MidGulf shall have the right to assign this Lease Agreement without obtaining the consent of Landlord; however, any such assignment shall be subject to all the terms and provisions of this Lease Agreement, and upon any such assignment, MidGulf shall be relieved of the obligations imposed on or assumed by it hereunder.

(10) Hold Harmless: MidGulf agrees to hold harmless Billman from and against any and all claims, demands or causes of action for any damage to person or property caused by any negligence of MidGulf its agents, servants or employees.

(11) Notices: All notices and demands which may be or are required or permitted to be given by any party to any other party herewith shall be in writing and shall be deemed to have been delivered and received by the party to whom such notice or demand is addressed on the day following the day that such notice or demand is delivered to U.S. Post Office or an official depository under the care and custody of the United States Postal Services, certified mail, postage prepaid and addressed as follows:

If to MidGulf:

MidGulf Energy, Inc.  
c/o Richard F. Bergner  
5718 Westheimer, Suite 700  
Houston, Texas 77057

If to Billman:

Billman Homes, Inc.  
4125 Violet Road  
Corpus Christi, Texas 78410  
Attn: Daniel H. Billman, President

Said addresses may be changed from time to time by either party by notifying the other party in writing.

(12) Parties Bound: This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(13) Governing Law: This Lease Agreement and the performance thereof shall be construed in accordance with and be governed by the laws of the State of Texas.

If the foregoing correctly sets forth your understanding of the terms and conditions relative to the lease by MidGulf, its successors and assigns of the Three Offices, the Metal Building Space and the Parking Spaces above described, then please sign triplicate originals of this letter in the space provided below, and return two (2) executed originals

*Handwritten initials: DBB*

Billman Homes, Inc.  
Page Five

FILE NO. 344362

to the undersigned, whereupon this Letter Agreement shall become a binding agreement in accordance with its terms and provisions.

AMERICAN ENERGY LEASING, INC.

By Richard F. Bergner  
Richard F. Bergner, President

MIDGULF ENERGY, INC.

By Richard F. Bergner  
Richard F. Bergner, President

AGREED TO and accepted this 10 day of October, 1984.

BILLMAN HOMES, INC.

By Daniel H. Billman (Pres.)  
Daniel H. Billman, President

THE STATE OF TEXAS    §  
                                  §  
COUNTY OF SAN PATRICIO   §

This instrument was acknowledged before me on this the 10 day of October, 1984, by Richard F. Bergner, President of American Energy Leasing, Inc., a Delaware corporation, on behalf of said corporation.

May E. Riley  
Notary Public In And For  
The State Of TEXAS

344362

EXHIBIT "C"  
PAGE 9 OF 14

97019



THE STATE OF TEXAS   §  
                                 §  
COUNTY OF SAN PATRICIO   §

This instrument was acknowledged before me on this the 10 day of October, 1984,  
by Richard F. Bergner, President of MidGulf Energy, Inc., a Texas corporation, on behalf  
of said corporation.

May E. Riley  
Notary Public In And For  
The State Of TEXAS

THE STATE OF TEXAS   §  
                                 §  
COUNTY OF SAN PATRICIO   §

This instrument was acknowledged before me on this the 10 day of October, 1984,  
by Daniel H. Billman, President of Billman Homes, Inc., a Texas corporation, on behalf of  
said corporation.

May E. Riley  
Notary Public In And For  
The State Of TEXAS

3002 CHANCELLOR ROW  
P. O. BOX 7747  
CORPUS CHRISTI, TEXAS 78416  
PHONE: (512) 854-0281



FILE NO: 344362  
CORPUS CHRISTI, TEXAS  
BRANCHES: HOUSTON, TEXAS  
SAN ANTONIO, TEXAS  
CORPUS CHRISTI, TEXAS

FILE NO Job No. C 26,376

October 4, 1984

STATE OF TEXAS  
COUNTY OF SAN PATRICIO

FIELDNOTE DESCRIPTION of a portion of Lot 3, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southwesterly corner of said Lot 3, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road, for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, at 20.00 feet pass a 5/8 inch iron rod set on the northerly right-of-way of said 40.00 foot roadway, in all 394.97 feet to a 5/8 inch iron rod set inside a 1-1/2 inch iron pipe found;

THENCE, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod found on the easterly boundary of said Lot 3;

THENCE, along said easterly boundary, S 34° 37' 00" W, at 374.06 feet pass a brass monument in concrete found, at 374.97 feet pass the northerly right-of-way of said 40.00 foot roadway, in all 394.97 feet to the southeasterly corner of said Lot 3, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and the southerly boundary of said Lot 3, N 55° 23' 00" W, 280.00 feet to the POINT OF BEGINNING.

CONTAINING 2.5388 acres, more or less, of which 0.1286 acre is in road right-of-way.

MAVERICK ENGINEERING COMPANY

BY:

*Michael Haas*  
Michael Haas  
Registered Public Surveyor  
Texas No. 2033

MH:ms

*2013*



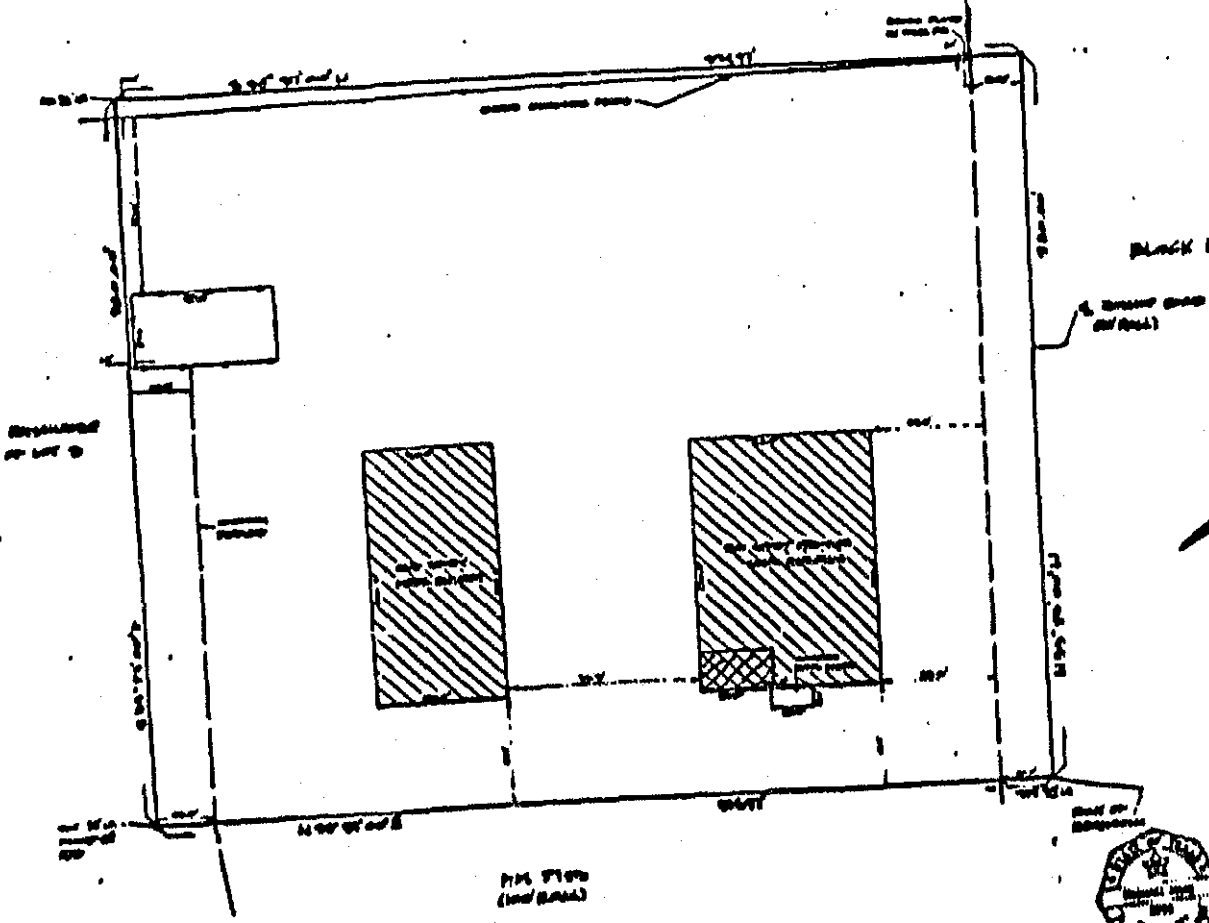
344362

EXHIBIT "C"  
PAGE 11 OF 14

97021

344362

FILE NO:



STATE ATTACHED PROPERTY DESCRIPTION  
 WE, RAVENHILL ENGINEERING COMPANY, HAVE MADE A SURVEY OF  
 THE GRASSY OF THE FOREGOING PROPERTY AND WE CERTIFY THAT  
 THERE ARE NO VISIBLE PROPERTY CONFLICTS, PROJECTIONS, OR  
 ENCROACHMENTS.  
 BY: Michael Hanes  
 REGISTERED SURVEYOR FOR NOTARIAL COUNTY  
 VOL. 127 PAGE 1 DATE 11-1-03  
 OF 10-000000



NO	DATE	BY	REVISION	DATE	APPROVED
<p><b>1</b></p> <p><b>SURVEY OF A PORTION OF LOT 9, BLOCK 14</b></p> <p><b>SECTION 4, TOWNSHIP 3 NORTH, RANGE 10 WEST, 10TH PRINCIPAL MERIDIAN</b></p> <p>PRICE \$1,000.00 DATE \$1,000.00          FEE \$1,000.00 FEE \$1,000.00          REV NO. 1 JOB NO. 1000000</p>					

*Handwritten initials: RJS, Dab*

EXHIBIT  
 PAGE 10 OF 14

97022

344362

October 17, 1984

FILE NO. 344362

Mr. Daniel H. Billman  
President  
Billman Homes, Inc.  
4125 Violet Road  
Corpus Christi, Texas 78410

Dear Dan:

Please make reference to that certain Letter Agreement, dated October 10, 1984, between American Energy Leasing, Inc., a Delaware corporation, and MidGulf Energy, Inc., a Texas corporation, on the one hand, and Billman Homes, Inc., a Texas corporation, on the other hand (the "Lease Agreement").

As you know, the Lease Agreement was entered into as part and parcel of the sale by American Energy Leasing, Inc. to Billman Homes, Inc. of 2.5388 acres, more or less, of the surface estate out of Farm Lot 3 in Block "O," Burton & Danforth Subdivision, Abstract 184, San Patricio County, Texas and all improvements thereon; and furniture, fixtures and equipment described in Bill of Sale, dated October 10, 1984, from American Energy Leasing, Inc. to Billman Homes, Inc., reference being made to said Bill of Sale for all purposes.

This letter agreement shall serve as an addendum to the Lease Agreement (this "Addendum"). Terms defined in the Lease Agreement shall have the same meaning in this Addendum as in the Lease Agreement.

As we discussed, in addition to the Three Offices, the Metal Building Space and the Parking Spaces, it was agreed that MidGulf Energy, Inc., its successors and assigns, at no cost or expense (except as otherwise stated in this Addendum), shall also have the exclusive use and possession of office furniture and equipment (sold to Billman Homes, Inc. pursuant to said Bill of Sale) reasonably necessary for use in the Three Offices, as well as the exclusive use and possession of the storage racks and the portable metal building behind the Metal Building (also sold to Billman Homes, Inc. pursuant to said Bill of Sale), all for the term of the Lease Agreement.

MidGulf Energy, Inc., its successors and assigns, agrees to take good care of said office furniture and equipment, storage racks and portable building and, upon the termination of the Lease Agreement, to deliver them to Billman Homes, Inc. in as good condition as received, reasonable wear and tear excepted.

MidGulf Energy, Inc. also shall have the right to assign the rights and obligations contained in this Addendum without obtaining the consent of Billman Homes, Inc., provided that any such assignment shall be subject to the terms and provisions of this Addendum and upon such assignment, MidGulf Energy, Inc. shall be relieved of the obligations imposed on or assumed by it hereunder.

Except as supplemented by this Addendum, the Lease Agreement shall remain unchanged and in full force and effect.

344362

EXHIBIT "C"  
PAGE 13 OF 17

97023

Mr. Daniel H. Billman  
October 17, 1984  
Page Two

FILE NO: 344362

Please confirm your agreement with this Addendum by signing duplicate originals hereof in the space provided below and returning the duplicate originals to the undersigned. The third original also enclosed is for the files of Billman Homes, Inc.

Very truly yours,

AMERICAN ENERGY LEASING, INC.

By *Richard F. Bergner*  
Richard F. Bergner, President

MIDGULF ENERGY, INC.

By *Richard F. Bergner*  
Richard F. Bergner, President

AGREED AND accepted this 22<sup>nd</sup> day of October, 1984.

BILLMAN HOMES, INC.

By *Daniel H. Billman*  
Daniel H. Billman, President

THE STATE OF TEXAS  
COUNTY OF SAN PATRICK

CERTIFICATE OF LEGALITY AND AUTHENTICITY  
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the microfilming of the images between the Title Page and the Certificate of Legality and Authenticity has been in strict accordance with Article 1941(a), Vernon's Texas Civil Statutes, and that each image is a true, correct and exact copy of the page or pages of the identified instrument of writing, legal document, paper, or record which has been filed for record on the date and at the time stamped on herein, that no splice was made in the original negative film between the Title Page and this Certificate.

I do further certify that the preceding images are part of the Official Public Records of Real Property of San Patricio County, Texas, ending with

File No. 344362, Image Identification No. 97024

WITNESS MY HAND AND SEAL OF OFFICE, this the 4th day of December 19 85



*Dottie Maley*  
DOTTIE MALEY, County Clerk  
San Patricio County, Texas.

344362

EXHIBIT C  
PAGE 14 OF 14

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I, DOTTIE MALEY, County Clerk of San Patricio County, Texas, do hereby certify that the following images are part of the Official Public Records of Real Property of San Patricio County,

Texas, starting with File No. 344362 Page Identification No. 97025

FILE NO. 344362



WITNESS MY HAND AND SEAL OF OFFICE, this the 4th day of December 1985

*Dottie Maley*  
DOTTIE MALEY, County Clerk  
San Patricio County, Texas

1. Texas Air Control Board Permit No. R-6027 (Crude Oil Topping Plant and Barge Dock No. R-1 Ingleside, San Patricio County, Texas), Permit No. R-6625 (Crude Oil Topping Unit No. R-2 Ingleside, San Patricio County, Texas), and Permit No. C-7557 (Unleaded Gasoline Production Facility Ingleside, San Patricio County, Texas); and
2. Texas Department Of Water Resources Permit No. 02142, approved November 17, 1980, as renewed by Texas Water Commission order, dated March 30, 1983

THE STATE OF TEXAS  
COUNTY OF SAN PATRICIO  
THAT THIS INSTRUMENT WAS FILED ON THE DATE AND  
TIME STAMPED HEREON BY ME AND WAS DULY RECORDED  
ON THE 3 DAY OF Dec 1985 FILE NO.  
344362 OF THE REAL PROPERTY RECORDS  
OF SAN PATRICIO COUNTY, TEXAS.  
BY *[Signature]* DOTTIE MALEY  
DEPUTY COUNTY CLERK  
SAN PATRICIO  
COUNTY, TEXAS

EXHIBIT "D"  
PAGE 1 OF 1

344362

97025



FILED 344362 COMPARED  
D.2.

Falcon Releasing  
Co.

20

American Energy Leasing  
Inc.

FILED FOR RECORD  
at 12:35 o'clock P.M.

DEC 3 1985

DOTTIE MALE,  
CLERK COUNTY COURT SOUTHERN CO., TEX.  
By *[Signature]* DEPT.

\$ 45.00 return from  
Page 11